DOMINION STORES LIMITED
BOARD OF DIRECTORS PRESENTS
THE ANNUAL REPORT
TO THE SHAREHOLDERS
FISCAL YEAR ENDED MARCH 22, 1969

1919 1969

Contents

Version française — On peut obtenir un exemplaire français du présent Rapport annuel en s'adressant au Secrétaire de la Compagnie, 605 Rogers Road, Toronto 339, Ontario.

Auditors

McDonald, Currie & Co., Toronto

Bankers

Bank of Montreal
Banque Canadienne Nationale
Banque Provinciale du Canada
Canadian Imperial Bank of Commerce
The Bank of Nova Scotia
The Royal Bank of Canada
The Toronto-Dominion Bank

Transfer Agents

Crown Trust Company
Toronto, Montreal and Vancouver
Canada Permanent Trust Company
Halifax and Saint John
Bankers Trust Company, New York

Registrars

Crown Trust Company,
Toronto, Montreal and Vancouver
Canada Permanent Trust Company,
Halifax and Saint John
Bankers Trust Company, New York

The Annual Meeting of Shareholders will be held at the new Dominion Distribution Centre, on the West Mall at Highways 5 and 27 in the Borough of Etobicoke, on Tuesday, the 26th day of August, 1969, at the hour of 11:00 a.m.

"With public sentiment nothing can fail; without it nothing can succeed."

Our 50th Year

It was only 50 years ago that Dominion Stores Limited opened its first three corner grocery stores in the bustling city of Toronto. From the rapid growth of the 20's, through the gloomy days of the 30's and on to the technological developments of the past decade, Dominion has provided Canadians with the most efficient, economical food distribution in the country.

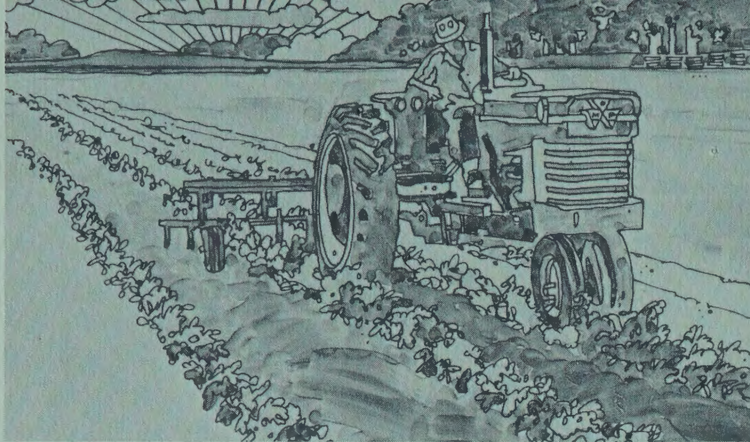
From a humble beginning has evolved a vast retail food chain with nearly 400 stores, located from Newfoundland to the Rockies, employing 17,000 full and part-time employees. In our first half century gross annual sales have climbed from $2.5 million in 1920 to more than $600 million.

Through Dominion's program of Planned Development goals have been set to assure our continued success. Dominion's management is not satisfied merely to establish new stores and staff in previously undeveloped territories. We are constantly broadening and improving the quality, variety, and economy of merchandise offered in all our stores. Through research we have been able to construct a new distribution centre assuring our customers the most efficient method of distribution and handling.

Your company places great importance on research and on forward planning. Both are concerned with Dominion's determination to adapt itself in advance to the anticipated needs and demands and opportunities of the years ahead. We are planning for many changes in methods and organization, and for the advancement of the competence of our personnel. We are in a constant process of becoming a better company.

Besides the addition of 25 new stores a year for the foreseeable future, Dominion's management is now examining the possibilities of engaging in other kinds of merchandising than supermarkets. Studies now being conducted will determine the feasibility of becoming more diversified. Because Dominion enjoys such a broad volume base, many interesting opportunities for diversification are possible. Several concepts in retail operations, designed to provide increased convenience to our customers, may create a new trend in our industry. The establishment of extensive general merchandise departments, drug stores and small exclusive specialty shops operated jointly with a modern supermarket will offer the customer greater shopping convenience.

With many new stores scheduled to open and with the possibility of Dominion expanding into a wider range of businesses, there is a growing need for more imaginative, ambitious, creative personnel. To operate every new store that opens, we need upwards of 100 experienced employees. For this reason, at any given time, 15% of Dominion's employees are either immediately ready or are preparing for promotions. While we can open new buildings and broaden our business endeavours, ultimately it is through our ability to hire and to train top calibre employees that your company will continue to prosper.



PRODUCER

from Nature's bounteous store
to ours, he leads the way.

Directors

*JOHN A. McDOUGALD
Chairman of the Board and Chairman of the Executive Committee

LEWIS H. M. AYRE
*ROBERT F. CHISHOLM
*THOMAS G. McCORMACK
*E. P. TAYLOR
*STEWART G. BENNETT
PIERRE PAUL DAIGLE
*COL. MAXWELL C. G. MEIGHEN
*GEORGE M. BLACK, JR.
*MAJ.-GEN. A. BRUCE MATTHEWS
ANDRE MONAST, Q.C.
E. CLIFFORD WENT

**Executive Committee*

Corporate Management

THOMAS G. McCORMACK
President and Chief Executive Officer

THOMAS G. BOLTON
Vice-President, Corporate Development

NATHANIEL H. SHAW, Q.C.
Vice-President and General Counsel

NELSON W. LANCASTER
Comptroller, Operations

W. FRANK CAPSTICK
Vice-President, Operations

JOSEPH VOIGT
Vice-President, Merchandising

WILLIAM J. STEWART
Secretary

ALEXANDER A. J. LEWIS
Vice-President, Special Assignments

E. CLIFFORD WENT
Vice-President, Administration

A. WILLIAM TOMLIN
Comptroller, Corporate Finance

Divisional Management

ALBERT DAVID
Eastern Ontario and Quebec

CHARLES T. E. HALSEY
Western Provinces

ALLEN C. JACKSON
Northern and South-Western Ontario

ROBERT H. JARDINE
Atlantic Provinces

RUSSELL L. NETHERTON
Toronto, Hamilton Districts

District Management

RÉAL BROUILLETTE
Quebec, Quebec

JOHN N. CAMPBELL
Toronto, Ontario

JAMES F. EARLE
Halifax, N.S.

ELTON C. HAINES
St. John's, Nfld.

JOHN A. HIGGINSON
Toronto, Ontario

RONALD C. HYNE
Hamilton, Ontario

RAYMOND LUCYSHYN
Winnipeg, Man.

JAMES A. MALCOLM
Sudbury, Ontario

PERCY M. MONTFORD
Saint John, N.B.

JOHN PANDER
Montreal, Quebec

JOHN I. QUINN
Windsor, Ontario

HARRY TAYLOR
Ottawa, Ontario

GILBERT VIENNEAU
Montreal, Quebec

WILLIAM WADDINGTON
Calgary, Alta.

Special Management

CHARLES H. ABRAY
Director, Real Estate, Engineering and Construction

STANLEY P. GIBSON
Director, General Merchandise

EDWARD D. HARVISON
Director, Public Relations

JOHN NESTOR
Director, Corporate Planning

ERVIN F. CAVEN
Director, Personnel and Labour Relations

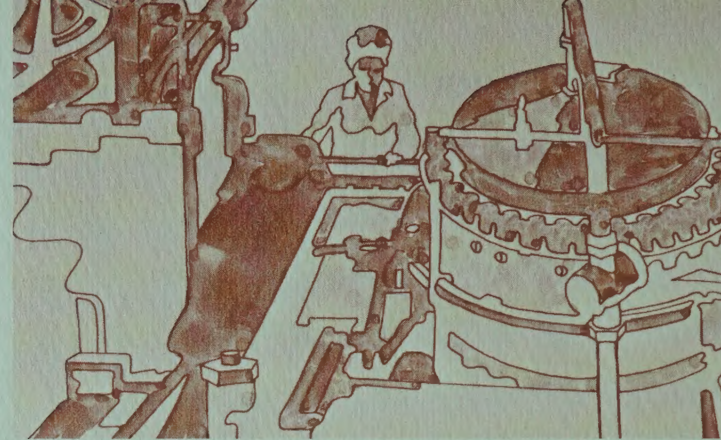
J. SKIFFINGTON MURCHIE
Director, Merchandise Planning

RICHARD J. O'BRIEN
Director, Advertising and Promotions

THOMAS THOMSON
Director, Plant Operations

Comparative Highlights

	For the Year Ended March 22, 1969 (52 Weeks)	For the Year Ended March 23, 1968 (53 Weeks)
Sales	**$602,886,147**	$584,192,464
An increase of $18,693,683 or 3.20%		
An average weekly increase of 5.18%		
Net Earnings	**$ 9,521,721**	$ 10,507,604
per dollar of sales	**1.58¢**	1.80¢
per share of common stock	**$ 1.17**	$ 1.30
Dividends	**$ 5,812,581**	$ 5,812,579
per share of common stock	**72¢**	72¢
Working Capital	**$ 18,714,963**	$ 25,661,407
Ratio of Current Assets to Current Liabilities	**1.57**	2.00
Total Reinvested Earnings	**$ 63,348,564**	$ 59,639,424
Shareholders' Equity	**$ 79,037,063**	$ 75,327,883
Number of Stores at End of Year	**389**	381



Annual Report To our Shareholders

JOHN A. McDOUGALD

THOMAS G. McCORMACK

The economy in which Dominion Stores carried on its business during the past fiscal year presented a financial paradox. As this report indicates, the year ended March 22, 1969, was a satisfactory one in terms of your company's sales growth. At the same time, however, economic and competitive pressures ruled out the possibility of translating that sales growth into an increased return to our shareholders in the form of net earnings.

Dominion's policy of low-cost distribution continued to gain in public favour, as evidenced by record sales for the 28th consecutive year. Over many years, your company has endeavoured to minimize the effect of price increases over which we have no control, through a programme of increased efficiency in the handling of food "from farm to table".

Ironically, however, retail food prices are affected not only by rising costs within the industry but by any rise in any major commodity — a rise in steel prices — a rise in freight rates — a rise in building and equipment costs — these and scores of other economic factors, including taxes, find their way into the retail cost of food.

We would be remiss if we did not emphasize, in the strongest possible tones, that the food industry is less able than most to absorb higher costs. This is due to traditionally low profit margins and the fast moving, keenly competitive nature of the business. In other words, our net profit during the past ten years was 1.8 cents on the sales dollar, compared with less than 1.6 cents in the year under review. Needless to say, this very thin profit affords scant leeway against rising costs and indeed, is dangerously close to being inadequate.

The period covered by the fiscal year was one of optimism and of considerable economic growth in the country, but many of the benefits of that growth were siphoned off by a very strong inflationary trend. Government spoke out, in an attempt to reverse the trend, but the action, for reasons which puzzle even expert economists, has not yet resulted in the kind of reaction in the economy which historically has followed anti-inflationary policies.

The result is that costs of doing business have continued to rise while profit margins have been severely repressed. This has been true in other businesses as well, but the supermarket industry has been even more markedly affected than others. The organized consumer movement remains active. There are indications that with growing experience, the leaders of the movement and the various governments are extending their interest to the broader considerations of value and service rather than of price alone in the food field.

Dominion has, of course, remained competitive in price, but has refused to permit any deterioration in the way in which we have traditionally done business with our customers. This means that we have maintained adequate staffs in our stores to ensure customer satisfaction. We have continued to offer shoppers a wide variety of quality merchandise from which they can make their choices.

MANUFACTURER

from the farm equipment used by the grower, to the containers for preserving our food, he is vital to our industry.

We have refused to compromise on the appearance, the spaciousness and the cleanliness of our stores.

We have been rewarded in a most gratifying way by the continued patronage of our loyal body of customers, and we have continued to attract many new shoppers. By resisting the temptation to adopt short-term expedients, we believe we are maintaining our long-term reputation for offering merchandise of the highest quality in the most desirable variety, in by far the most pleasant surroundings and at prices which are both low and fair in comparison with those of the competition. Your management has, of course, adopted all available methods of operation which permit economies and increased efficiency.

Your company continues to recognize and respond to the needs and aspirations of the communities in which we operate stores. Each of the 389 stores has its own community interest. Each store's personnel contributes in substantial measure to the social and charitable work in the community.

Annual donations are made to national campaigns such as the United Appeal, the Canadian Red Cross, as well as many other special appeals. Contributions to several hospital building funds, public service programmes and many other worthwhile community projects were included.

Earnings

After providing for Federal and Provincial taxes on income of $11,870,000 and $6,820,000 for depreciation, net earnings for the 52 weeks amounted to $9,522,000 compared with $10,508,000 for the relatively longer period of 53 weeks in the previous year. This was a decrease of $986,000 or 9.38%. Net profit was equal to $1.17 per share compared with $1.30 a year ago. Net profit represented 1.58 cents per dollar of sales compared with 1.80 cents the previous year.

Dividends

During the fiscal year dividends paid to shareholders totalled $5,813,000 (72c per share), the same as in the previous year. Quarterly dividends of 18c each were paid on June 14th, September 16th, and December 16th, 1968 and on March 14th, 1969. Dividends paid in the year amounted to more than 60% of the profits for the year.

Sales

A new high in sales volume was established for the 28th consecutive year. For the 52 weeks ended March 22, 1969, sales amounted to $602,886,000 compared with $584,192,000 in the 53 weeks ended March 23, 1968. This was an increase of $18,694,000 or 3.20%.

Because of the extra week's sales in the previous year's figures a straight year-to-year comparison can be misleading. Average weekly sales in the year ended March 22, 1969, were 5.18% higher than in the previous year.

Financial Resources

At March 22, 1969, working capital amounted to $18,715,000, which was a reduction of $6,947,000 from the previous year-end figure of $25,662,000. This decrease was due entirely to capital expenditures related to the new Toronto Distribution Centre. The development of this new plant, while at the same time continuing the programme of new store expansion, necessitated the utilization of your company's established line of bank credit, with the amount of the loan at March 22, 1969, amounting to $6,700,000. With the spiralling of the extremely difficult and expensive long term money market conditions your company expects to continue to make use of funds available to it under these approved banking arrangements. At the year end reinvested earnings totalled $63,349,000 and total shareholders' equity or net worth, amounted to $79,037,000 compared with $75,328,000 at the previous year-end.

Expenses

The cost of doing business again rose substantially. Taxes at all levels of government — federal, provincial and municipal — continued to grow. The 3% surtax on federal corporation income tax was in effect for the full

PROCESSOR

modern technology assures us of nutritious food the year round.

year and resulted in an added charge against profits of $232,000.

The total provision for federal and provincial taxes on income amounted to $11,870,000 or $1.47 per share, 26% higher than the net profit of $1.17 per share.

Planned Development

Your company's programme of planned development continued on a sound and selective basis. During the year, 17 stores were opened and 9 were closed. The programme of modernizing its existing units was continued and 15 stores had their facilities brought up-to-date. At the year-end, there were 389 stores in operation.

At March 22, 1969, about 60 locations for new stores were in various stages of negotiation or development. It is expected that 25 of these will open within the current fiscal year.

The new Toronto Distribution Centre is completed and testing of the merchandise handling system has been successfully carried out. Regular supply is now maintained by this new facility. Additional information on this most modern distribution centre is provided elsewhere in this report.

Personnel

Your company provided jobs for 9,121 full-time employees as of March 22, 1969 with a further 7,886 employed on a part-time basis.

Great emphasis is placed on the selection, training and development of employees. Training programmes are geared to provide the trained personnel necessary to meet the needs of our expansion programme as well as to fill vacancies caused by promotions and normal staff turnover.

Personnel Committees at each District and Division level as well as in Head Office are responsible for the implementation of training programmes at all levels in their respective areas with the aim of developing each employee to his full potential. Promotions are made, almost without exception, from within the ranks of company employees.

On-the-job training is supplemented by your company's encouragement and subsidizing of a wide variety of extra-curricular activities, including university courses, co-operative college management courses, seminars, conferences, store and department managers' meetings, night and correspondence courses — all designed to assist the employee to grow with the company. At the present time, 658 employees are enrolled in the Cornell University home study courses dealing with all phases of the retail food industry.

Annual Meeting

The Annual Meeting of shareholders will be held at the new Distribution Centre near Highways 5 and 27 in the Borough of Etobicoke on Tuesday, August 26, 1969, at the hour of 11:00 a.m. This will give those shareholders attending the meeting an opportunity to tour and inspect our newest and most modern facility.

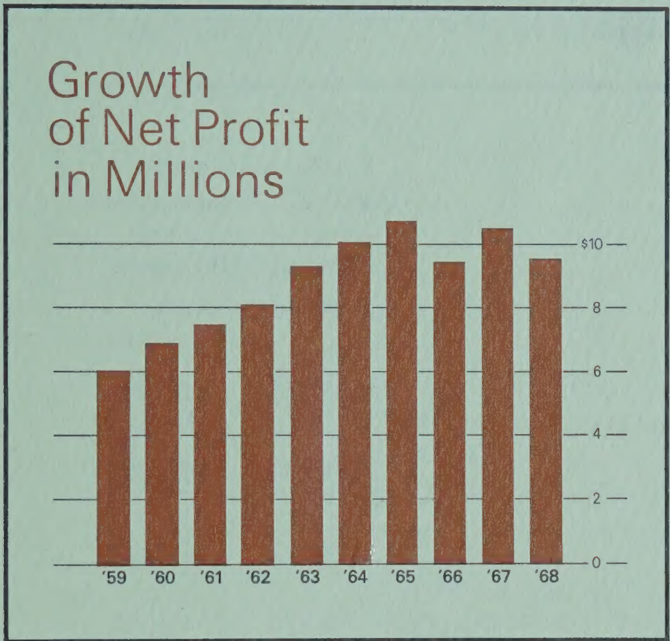
In Appreciation

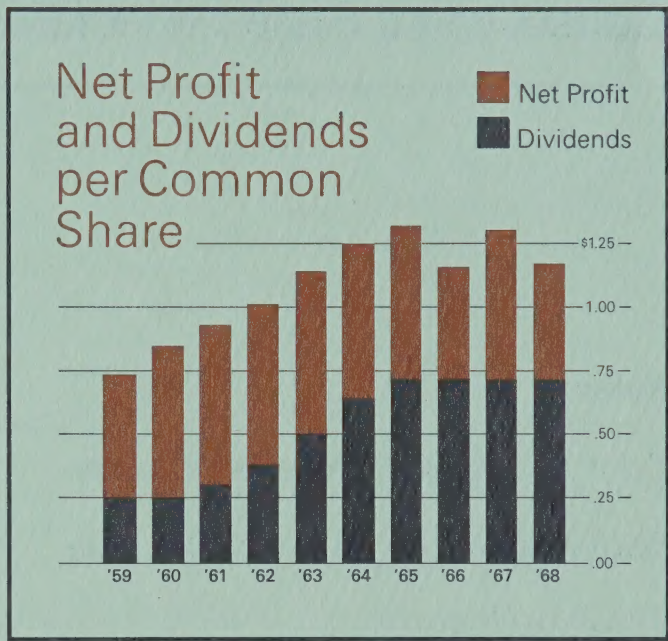
Your company has invaluable resources in the goodwill of its customers, the experience and loyalty of its employees, the excellent relationships established with its many suppliers and the co-operation and support of its shareholders. We extend to them our sincere appreciation for their contribution to Dominion's success.

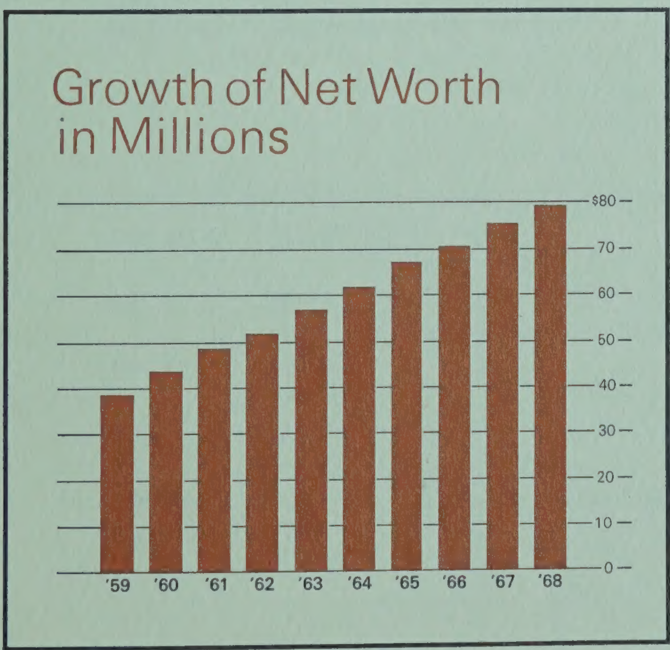
For the Board of Directors,

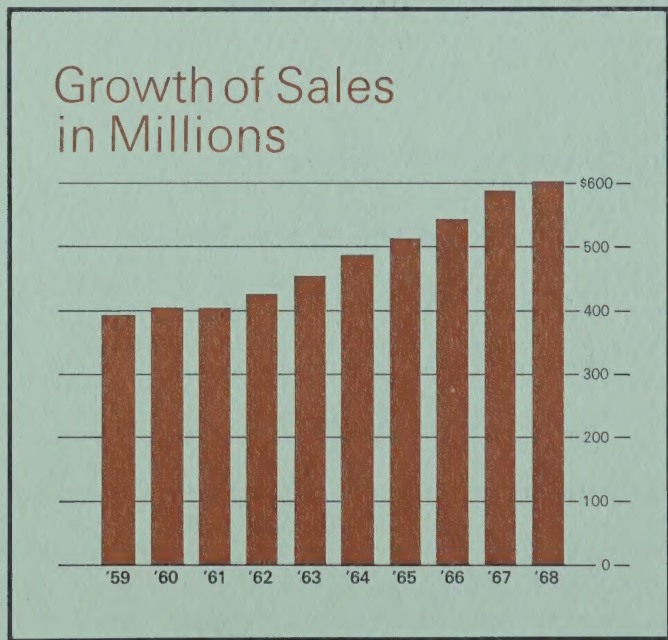
JOHN A. McDOUGALD,
Chairman of the Board

THOMAS G. McCORMACK,
President


Growth
of Net Profit
in Millions
$10
8
6
4
2
0
'59 '60 '61 '62 '63 '64 '65 '66 '67 '68


Net Profit
and Dividends
per Common
Share
Net Profit
Dividends
$1.25
1.00
.75
.50
.25
.00
'59 '60 '61 '62 '63 '64 '65 '66 '67 '68


Growth of Net Worth
in Millions
$80
70
60
50
40
30
20
10
0
'59 '60 '61 '62 '63 '64 '65 '66 '67 '68


Growth of Sales
in Millions
$600
500
400
300
200
100
0
'59 '60 '61 '62 '63 '64 '65 '66 '67 '68

Consolidated Statement of Earnings

	For the years ended March 22, 1969 (52 Weeks)	March 23, 1968 (53 Weeks)
	(in thousands of dollars)	
Sales	$602,886	$584,192
Cost of Goods Sold and Expenses	581,494	561,663
Earnings before Taxes on Income	21,392	22,529
Taxes on Income	11,870	12,021
Net Earnings for the Year	$ 9,522	$ 10,508

Included in the above are

Employees' Salaries & Benefits (Note 1)	$ 76,487	$ 69,509
Depreciation (Note 4)	6,820	6,739
Municipal Taxes	5,112	4,668
Interest Expense	861	690
Interest Income	(284)	(307)

DISTRIBUTOR

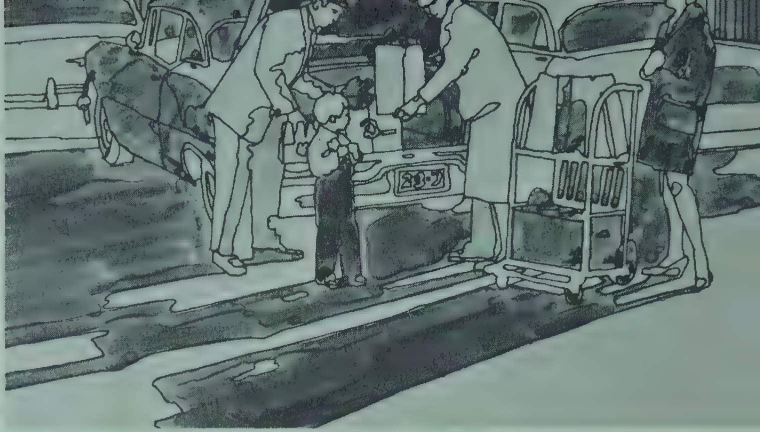
our responsibility is to provide our customers with the finest of food at the lowest possible price.

Consolidated Statement of Source and Use of Funds

		For the years ended March 22, 1969 (52 Weeks)	March 23, 1968 (53 Weeks)
		(in thousands of dollars)	
Source of Funds	Net earnings for the year	$ 9,522	$10,508
	Charges not requiring cash outlay:		
	Depreciation	6,820	6,739
	Deferred income taxes	690	135
	Funds generated from operations	17,032	17,382
	Disposal of fixed assets	896	1,903
	Mortgages receivable transferred from non-current	—	517
	Special Refundable Tax:		
	Payments received	459	—
	From non-current	279	—
		18,666	19,802
Use of Funds	Investment in fixed assets	18,290	10,605
	Dividends	5,813	5,813
	Reduction of long-term debt	939	988
	Mortgages and other investments to non-current	571	—
	Special refundable tax paid	—	52
		25,613	17,458
Working Capital	INCREASE (DECREASE) DURING THE YEAR	(6,947)	2,344
	BALANCE — BEGINNING OF THE YEAR	25,662	23,318
	BALANCE — END OF THE YEAR	$18,715	$25,662

SERVICES

from special meat cuts to convenient carry-out service, our customers are guaranteed the best.



Consolidated Balance Sheet as at March 22, 1969

Assets

	March 22, 1969	March 23, 1968
	(in thousands of dollars)	
CURRENT:		
Cash	$ 4,796	$ 6,844
Marketable investments — at cost (note 2)	2,453	4,414
Accounts receivable	766	1,448
Mortgages receivable	448	629
Special refundable tax	279	—
Merchandise — valued at the lower of cost and market (note 3)	41,537	37,074
Prepaid expenses	915	1,038
	51,194	51,447
SPECIAL REFUNDABLE TAX	—	738
MORTGAGES AND OTHER INVESTMENTS	1,114	543
FIXED ASSETS — at cost (note 4):		
Store, warehouse and office equipment	79,311	70,987
Buildings and leasehold improvements	31,294	23,992
	110,605	94,979
Accumulated depreciation	47,113	42,021
	63,492	52,958
Land	10,514	10,474
	74,006	63,432
	$126,314	$116,160

Liabilities

	March 22, 1969	March 23, 1968
	(in thousands of dollars)	
CURRENT:		
Bank loan	$ 6,700	$ —
Accounts payable and accrued expenses	18,964	17,119
Income and sundry taxes	6,334	7,916
Sinking fund instalments due within one year	481	750
	32,479	25,785
DEFERRED INCOME TAXES (note 4)	4,730	4,040
FUNDED DEBT (note 5)	10,068	11,007
CAPITAL STOCK (note 6):		
Authorized — 20,000,000 common shares without nominal or par value.		
Issued and fully paid — 8,073,029 shares	15,688	15,688
REINVESTED EARNINGS:		
Balance at beginning of the year	59,640	54,945
Net earnings for the year	9,522	10,508
Dividends to shareholders	(5,813)	(5,813)
Reinvested earnings	63,349	59,640
SHAREHOLDERS' EQUITY	79,037	75,328
	$126,314	$116,160

Signed on behalf of the Board —

JOHN A. McDOUGALD, THOMAS G. McCORMACK,
Directors

Notes to Financial Statements

1. REMUNERATION OF DIRECTORS AND SENIOR OFFICERS

Expenses include \$369,000 (last year \$380,000) for remuneration of the Company's directors including those directors who are also officers and \$354,000 (last year \$317,000) for remuneration of other senior officers.

2. MARKETABLE INVESTMENTS

The quoted value of marketable investments at March 22, 1969 was \$2,446,000 (last year \$3,831,000).

3. MERCHANDISE

Merchandise is located at both stores and warehouses. The term market value as it applies to store inventories means "net realizable value" and to warehouse inventories "replacement cost".

4. FIXED ASSETS

Recorded depreciation has been computed on a straight-line basis to amortize the cost of the assets over their estimated useful life. The Company has continued to claim maximum allowances for income tax purposes.

5. FUNDED DEBT

	March 22, 1969	March 23, 1968
Redeemable Sinking Fund Debentures		
5% Series "A" — maturing May 1, 1972	\$ 1,633,500	\$ 1,822,000
4¼% Series "B" — maturing November 1, 1975	4,974,000	5,500,000
5½% Series "C" — maturing December 1, 1976	3,942,500	4,435,000
	\$10,550,000	\$11,757,000
Deduct: Sinking fund instalments due within one year, included in current liabilities	481,500	750,000
	\$10,068,500	\$11,007,000

The amounts remaining to be paid in the next five fiscal years to meet the sinking fund and retirement provisions of the funded debt are:

Fiscal years ending March 1970	\$ 481,500
1971	953,500
1972	960,000
1973	1,970,000
1974	750,000

6. STOCK OPTION PLAN

Of the 300,000 unissued common shares reserved under the employees' stock option plan on June 23, 1964 there were 116,158 unallotted shares at March 22, 1969. Included therein are 33,548 shares which had been allotted but the options were allowed to lapse.

At March 22, 1969 there were unexercised options covering 156,188 shares (including directors' or officers' 18,385 shares) at \$20.25 which expire on June 22, 1969 and 4,625 shares at \$24.50 which expire on June 22, 1970.

7. LONG-TERM LEASES

The total minimum rental liability under leases (excluding insurance, property taxes and certain other occupancy charges) to the date of expiry or option whichever occurs first for each of the periods shown below, is as follows:

	March 22, 1969	March 23, 1968
Within 10 years	\$ 73,516,000	\$ 65,960,000
Within the next 5 years	30,151,000	26,142,000
Within the next 5 years	18,499,000	16,892,000
Within the remainder of the term	5,693,000	5,043,000
	\$127,859,000	\$114,037,000
Minimum annual rentals payable under such leases are	\$ 11,740,000	\$ 10,821,000

Certain leases contain an option to cancel. Should the Company exercise these options, it could be required to purchase the related properties.

8. PENSION PLAN

The estimated unfunded liability under the pension plan as of October 31, 1968 amounted to \$10,586,000 which will be paid over the next 21 years by means of annual instalments of approximately \$772,000.

EMPLOYEES
friendly, courteous staff
assures each customer
complete shopping satisfaction.

Auditors' Report

McDONALD, CURRIE & CO.

CHARTERED ACCOUNTANTS

120 Adelaide Street West,
Toronto.

We have examined the consolidated balance sheet of Dominion Stores Limited and its subsidiaries as at March 22, 1969 and the consolidated statements of earnings and source and use of funds for the fiscal year then ended. Our examination included a general review of the accounting procedures and such tests of the accounting records and other supporting evidence as we consider necessary in the circumstances.

In our opinion these consolidated financial statements present fairly the financial position of the companies as at March 22, 1969 and the results of their operations and the source and use of their funds for the fiscal year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

McDonald, Currie & Co.

Chartered Accountants

April 11, 1969

Ten Year Financial Summary *(dollars in millions)*

As at fiscal years ended March:	1969	1968	1967	1966	1965	1964	1963	1962	1961	1960
TOTAL ASSETS	$126.3	$116.1	$108.2	$104.3	$ 97.8	$ 93.4	$ 86.7	$ 84.3	$ 80.1	$ 77.7
CURRENT ASSETS.	$ 51.2	$ 51.5	$ 45.0	$ 47.8	$ 44.5	$ 47.5	$ 43.6	$ 42.1	$ 37.9	$ 35.3
CURRENT LIABILITIES	32.5	25.8	21.7	21.1	19.8	20.4	18.1	16.8	16.5	18.1
WORKING CAPITAL	$ 18.7	$ 25.7	$ 23.3	$ 26.7	$ 24.7	$ 27.1	$ 25.5	$ 25.3	$ 21.4	$ 17.2
Working Capital Ratio	1.6	2.0	2.1	2.3	2.2	2.3	2.4	2.5	2.3	2.0
OTHER ASSETS.	$ 1.1	$ 1.2	$ 1.7	$ .3	$ .3	$ .7	$ .8	$ .8	$ .9	$ .5
NET FIXED ASSETS	74.0	63.4	61.5	56.2	53.0	45.2	42.3	41.4	41.3	41.9
DEFERRED INCOME TAXES . .	4.7	4.0	3.9	3.5	3.1	2.7	2.6	2.6	2.5	2.3
FUNDED DEBT (excludes current portion)	10.1	11.0	12.0	12.8	13.0	13.5	14.5	16.4	17.7	18.7
BOOK VALUE OF SHARE-HOLDERS' INVESTMENT IN THE BUSINESS	$ 79.0	$ 75.3	$ 70.6	$ 66.9	$ 61.9	$ 56.8	$ 51.5	$ 48.5	$ 43.4	$ 38.6
Accounted for as follows—										
Capital stock	$ 15.7	$ 15.7	$ 15.7	$ 15.6	$ 15.4	$ 15.2	$ 15.2	$ 15.2	$ 15.2	$ 15.2
Reinvested earnings	$ 63.3	$ 59.6	$ 54.9	$ 51.3	$ 46.5	$ 41.6	$ 36.3	$ 33.3	$ 28.2	$ 23.4
NUMBER OF SHARES OUT-STANDING (000 Omitted). .	8,073	8,073	8,073	8,069	8,058	8,050	8,050	8,050	8,050	8,050
NUMBER OF SHAREHOLDERS	11,158	11,241	10,895	10,053	9,758	9,084	9,317	8,550	3,772	4,052
CAPITAL EXPENDITURES . .	$ 18.3	$ 10.6	$ 14.7	$ 13.9	$ 16.0	$ 9.1	$ 7.0	$ 5.7	$ 10.7	$ 19.2

NOTE: Number of shares outstanding (March 1961 and prior) adjusted to reflect August 1, 1961 stock split.

CUSTOMERS

their wants and needs point the way to our future.

Ten Year Statement of Earnings *(dollars in millions)*

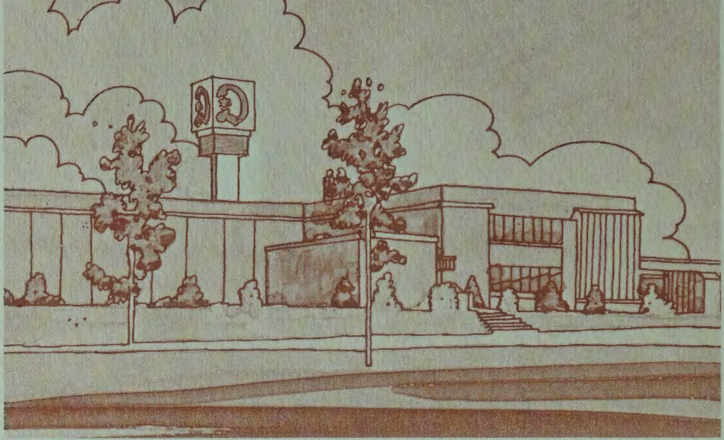
For the fiscal years ended March:	1969	1968*	1967	1966	1965	1964	1963*	1962	1961	1960
SALES	$602.9	$584.2	$543.5	$513.7	$487.7	$459.3	$427.0	$408.2	$400.9	$388.4
COST OF GOODS SOLD AND EXPENSES										
Cost of goods sold and expenses except those shown below	$493.1	$480.8	$452.5	$428.7	$408.1	$387.5	$362.0	$347.6	$343.0	$335.6
Employees' salaries and benefits	76.5	69.5	61.3	53.8	50.0	44.6	41.0	38.3	36.8	34.9
Depreciation	6.8	6.7	6.0	5.9	5.3	4.8	4.5	4.4	4.3	3.7
Municipal Taxes	5.1	4.7	4.0	3.6	3.3	3.0	2.8	2.6	2.4	2.0
	$581.5	$561.7	$523.8	$492.0	$466.7	$439.9	$410.3	$392.9	$386.5	$376.2
EARNINGS BEFORE TAXES ON INCOME	$ 21.4	$ 22.5	$ 19.7	$ 21.7	$ 21.0	$ 19.4	$ 16.7	$ 15.3	$ 14.4	$ 12.2
Per dollar of sales	3.55¢	3.86¢	3.63¢	4.21¢	4.30¢	4.23¢	3.92¢	3.74¢	3.58¢	3.15¢
TAXES ON INCOME	$ 11.9	$ 12.0	$ 10.3	$ 11.0	$ 10.9	$ 10.1	$ 8.6	$ 7.8	$ 7.5	$ 6.2
Per dollar of sales	1.97¢	2.06¢	1.90¢	2.14¢	2.23¢	2.20¢	2.02¢	1.90¢	1.87¢	1.60¢
NET EARNINGS	$ 9.5	$ 10.5	$ 9.4	$ 10.7	$ 10.1	$ 9.3	$ 8.1	$ 7.5	$ 6.9	$ 6.0
Per dollar of sales	1.58¢	1.80¢	1.73¢	2.07¢	2.07¢	2.03¢	1.90¢	1.84¢	1.71¢	1.55¢
Per share	$ 1.17	$ 1.30	$ 1.16	$ 1.32	$ 1.25	$ 1.15	$ 1.01	$ .93	$ .85	$ .74
DIVIDENDS	$ 5.8	$ 5.8	$ 5.8	$ 5.8	$ 5.2	$ 4.0	$ 3.1	$ 2.4	$ 2.0	$ 2.0
Per share	72¢	72¢	72¢	72¢	64¢	50¢	38¢	30¼¢	25¢	25¢
NUMBER OF EMPLOYEES										
—full time	9,121	8,966	8,766	8,437	8,023	7,900	7,280	7,356	7,295	7,429
—part time	7,886	7,750	7,587	8,125	7,159	7,587	6,416	6,862	6,155	6,102
	17,007	16,716	16,353	16,562	15,182	15,487	13,696	14,218	13,450	13,531
NUMBER OF STORES OPENED DURING YEAR	17	13	23	26	29	18	17	10	26	30
NUMBER OF STORES AT END OF YEAR	389	381	380	377	380	368	363	355	358	351

**53 Weeks*

NOTE: Net earnings per share (March 1961 and prior) adjusted to reflect August 1, 1961 stock split.

DISTRIBUTION CENTRE

the most modern in the world, our Centre will set new standards of efficiency for the food industry.



Our New Distribution Centre

The new distribution centre, located in the west end of Toronto at the intersection of highways 5 and 27, is now serving more than 200 Dominion supermarkets in Ontario.

The decision to construct the centre at this particular location was made following an exhaustive study of many possible sites. Of all the sites considered within a 600 square mile area surrounding Metropolitan Toronto, the chosen location provides the minimum transportation costs.

Hundreds of different alternative sets of marketing conditions were evaluated by computer before confirming the site. Necessary to take into account were the population growth, new store development plans and market share conditions projected for the next 20 years.

Once the optimum location, providing the lowest possible transportation costs, was determined, then suitable land and highway factors had to be evaluated. Located in the heart of what is commonly called the Golden Horseshoe and offering easy access to major highway arterial routes, the 5 and 27 location was a natural choice.

Fast erection by means of pre-stressed and pre-cast building elements was a major cost-saving feature in the construction of the 600,000 square foot food distribution centre. Dominion's requirements for freedom of movement and location for mechanical conveyors and equipment demanded large clear areas and meant the use of long-span beams, in some cases 117 feet in length. This flexibility was also considerably aided by the absence of fire walls due to the fire-rating quality of the concrete structure.

Merchandise is stored in the centre in two different methods. Fast moving products are bulk stored while slower moving items are stored on racks. Bulk stored products are moved to truck loading positions by fork lift while conveyors and automatic sorting equipment handle racked items.

The project is identified by a 120 foot high pylon supporting a four-sided symbol "D", each face of which is 25 feet square. Considered one of the most modern facilities of its kind in the world, our new food centre will set new standards of efficiency for the industry. For example, our receiving and shipping facilities will be greatly improved as this new centre has been designed to handle over 70 semi tractor-trailer units completely enclosed within the structure of the building. The highly mechanized handling system will result in greater total efficiency and achieve significant economies in the distribution of products to our stores.

Consulting professional engineers for the project were A. D. Margison and Associates. Pigott Construction Company Limited was the general contractor. Materials handling and physical distribution consultants were Drake, Sheahan, Sweeney and Hupp.

Dominion Stores Limited

Incorporated under the laws of Canada

Head Office:

605 Rogers Road, Toronto 339, Ontario

District Offices:

St. John's, Nfld.
Halifax, N.S.
Saint John, N.B.
Quebec, Que.
Montreal, Que.
Ottawa, Ont.
Toronto, Ont.
Hamilton, Ont.
Windsor, Ont.
Sudbury, Ont.
Winnipeg, Man.
Calgary, Alta.

Board of Directors — Affiliations

JOHN A. McDOUGALD

Chairman of the Board and Chairman of the Executive Committee — Dominion Stores Limited
Chairman of the Board and President — Crown Trust Company
President — Argus Corporation Limited
Chairman of the Executive Committee and Vice President — Hollinger Mines Limited
Director and member of the Executive Committee — Canadian Imperial Bank of Commerce
Massey-Ferguson Limited

THOMAS G. McCORMACK

President and Chief Executive Officer — Dominion Stores Limited
Director — Argus Corporation Limited

LEWIS H. M. AYRE

Chairman and President — Ayre and Sons Limited
Chairman — Ayres Limited
The Avalon Telephone Company Limited
Director — The Bank of Nova Scotia

STEWART G. BENNETT

Director — Canada Packers Limited
Canada Permanent Trust Company
Industrial Acceptance Corporation Limited
Phoenix Assurance Company

GEORGE M. BLACK, Jr.

Vice President — Argus Corporation Limited
Director and member of the Executive Committee — Canadian Imperial Bank of Commerce
Director — Dominion Tanners Sales Corporation Limited

ROBERT F. CHISHOLM (Retired)

Director — Confederation Life Association
R. L. Crain Limited
Thompson Paper Box Company Limited

PIERRE PAUL DAIGLE

Vice President — Malcolm G. MacLean Lumber Limited
Director — R.C.A. Victor Company Limited
Traders Group Limited
Confederation Life Association
Goodyear Tire and Rubber Company of Canada

A. BRUCE MATTHEWS

Chairman of the Board — Excelsior Life Insurance Company
Chairman of the Board and President — Canada Permanent Mortgage Corporation
Executive Vice President — Argus Corporation Limited
Vice President and Director — The Toronto-Dominion Bank

MAXWELL C. G. MEIGHEN

President — Canadian General Investment Limited
Vice President — Argus Corporation Limited
The Canada Trust Company
Director — The Algoma Steel Corporation Limited
The Royal Bank of Canada

ANDRE MONAST, Q.C.

Partner — St. Laurent, Monast, Desmeules and Walters
Director — Canadian Imperial Bank of Commerce
Churchill Falls (Labrador) Corporation Ltd.
Crown Trust Company
Noranda Mines Limited

E. P. TAYLOR

Chairman of the Board — Argus Corporation Limited
Chairman of the Board — The New Providence Development Company Limited
Chairman, Executive Committee — Massey-Ferguson Limited
Director — Domtar Limited
The Royal Bank of Canada

E. CLIFFORD WENT

Vice President — Dominion Stores Limited

The Aim

of Dominion Stores Limited is to fulfil with ever-increasing efficiency its responsibility as a distributor of food thereby performing a satisfactory service to the consumer, producer, manufacturer and processor; to discharge its responsibility to shareholders whose investment make the company possible, and to provide its employees with a satisfactory living under the best possible conditions.